

APPOINTMENT OF COST AUDITOR FOR FINANCIAL YEAR 2013-14



Oil and Natural Gas Corporation Limited

APPOINTMENT OF COST AUDITOR FOR FINANCIAL YEAR 2013-14

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INVITATION OF PROPOSAL FOR APPOINTMENT OF COST AUDITOR FOR FINANCIAL YEAR 2013-14

1. Introduction:

- 1.1** Oil and Natural Gas Corporation Limited (ONGC, hereinafter referred to as Company) is a 'Maharatna' Public Sector Undertaking under Ministry of Petroleum and Natural Gas, Government of India. Exploration & Production (E&P) activities of the Company are spread across onshore and offshore areas of India. ONGC is the only fully-integrated petroleum company in India, operating along the entire hydrocarbon value chain. Today, ONGC is the leader in Exploration & Production (E&P) activities in India having 69% contribution to India's total production of crude oil and 62% of natural gas. ONGC has established more than 7 Billion Tonnes of in-place hydrocarbon reserves in the country. In fact, six out of seven producing basins in India have been discovered by ONGC. ONGC produces more than 1.21 million Barrels of Oil Equivalent (Boe) per day. It also contributes over three million tonnes per annum of value-added-products including LPG, C₂-C₃, Naphtha, Motor Spirit, HSD, Aviation Turbine Fuel, Superior Kerosene Oil etc.
- 1.2** ONGC as an integrated Oil & Gas Corporate has developed in-house capability in all aspects of exploration and production business i.e., acquisition, processing & interpretation (API) of seismic data, drilling, work-over and well stimulation operations, engineering & construction, production, processing, transportation, applied R&D and training, etc.

2. Maintenance of Cost Records and Cost Audit in ONGC:

Maintenance of cost records became mandatory in ONGC with the notification of Cost Accounting Records (Petroleum Industry) Rules, 2002 effective from financial year 2003-04. This has further been superseded by the Cost Accounting Records (Petroleum Industry) Rules, 2011 and the same has become applicable from financial year 2012-13.

Cost Audit has been introduced in ONGC from financial year 2006-07.

3. Number of Cost Auditors proposed to be appointed:

Company intends to appoint **3 (three) firms of Cost Accountants** for the following regions for conducting cost audit for the financial year 2013-14:

Region	Work Centres under the Region
1. Southern Region	Comprising of (i) Rajahmundry Asset incl Eastern Offshore Asset, (ii) Karaikal Asset, (iii) Basin, Chennai incl NELP Blocks and Joint Ventures.
2. Western offshore – Mumbai	Comprising of (i) Mumbai-High Asset, (ii) Neelam-Heera Asset, (iii) Bassein-Satellite Assets, iv) Western Offshore Basin incl NELP Blocks and Joint Ventures.
3. Headquarter & Northern Region	Delhi, Dehradun, GVK Basin incl NELP Blocks.

Note : For the above regions/work centers of the Company, Cost Audit firm registered with the Institute of Cost Accountants of India respectively for Southern, Western & Northern Regions should only apply.

4. Scope of Work:

The scope of work is detailed as under:

- 4.1 Cost audit in accordance to the provisions of the Companies (Cost Audit Report) Rules, 2011 in respect of designated locations/ work centers of the Company. Cost audit shall also be in adherence to the relevant orders/clarification, issued from time to time by Cost Audit Branch, Ministry of Corporate Affairs, Govt. of India and the Cost Accounting Standards issued by the Institute of Cost Accountants of India.
- 4.2 Cost audit team should consist of adequate number of qualified/semi-qualified Assistants (Cost/Chartered Accountants) led by a senior partner of the Firm in commensurate with the size of the Company's work centre.
- 4.3 Verification and certification of cost proforma maintained at work centers as per Cost Accounting Records (Petroleum Industry) Rules, 2011 are to be certified.
- 4.4 Consolidation checking of cost accounting records of respective work centers to cost accounting records for Company as a whole.
- 4.5 Verification and certification of annexures to cost audit report.
- 4.6 Submission of Performance Appraisal Report (PAR) to the Company, jointly with Joint Cost Auditors of the Company.
- 4.7 Cost audit firm so appointed shall commence cost audit and submit single report for the Company as whole [as per general circular No. 68/2011 dated 30.11.2011 of MCA] along with other Joint Cost Auditors within the time schedule communicated by the Company.
- 4.8 Participation in the process of selecting Lead Cost Auditor from amongst all Joint Cost Auditors of the Company for the purpose of filing cost audit report and annexures to the cost audit report to MCA, Gol, in XBRL form or in the manner prescribed by the Govt from time to time.
- 4.9 Filing of cost audit report and annexures to the cost audit report to MCA, Gol, by the Lead Cost Auditor, within the scheduled date prescribed by MCA, Gol, after obtaining approval of the Board of Directors of the Company.

5. Selection Criteria:

- 5.1 Only **Firms of Cost Accountants** registered with the Institute of Cost Accountants of India (ICAI) shall be considered for appointment as Cost Auditors for conducting Cost Audit of the Company.
- 5.2 For the purpose of better co-ordination and smooth functioning, firms having registered offices, as per registration with the ICAI, in these regions (stated at Para-3 above) shall only be considered for appointment as cost auditors

5.3 The following will be the basis of marks for the selection and selection will be made on the basis of attainment of highest marks.

Sl	Parameter	Selection Criteria	Basis of Marks	Point(s) per Criteria	Maximum marks
1	Firm's Experience	Year of establishment of Firms(s) since date of registration with ICAI.	No of Years since Firm's Registration	2 Marks per year	20
2	Employee Strength	Numbers of partners in the Firm (The partners must be holding certificate of practice issued by Institute of Cost Accountants of India and should be in whole time practice).	Each Partner (specify Fellow or Associate)	3 Marks per Partner	18
3		Number of qualified assistants (Cost/ Chartered accountant) in the Firm. He should be a member of his respective Institute.	Each Qualified Assistant (specify Fellow or Associate)	2 Marks per Qualified	10
4		Number of semi-qualified assistants (Cost/ Chartered accountant) in the Firm.	Each Semi-Qualified Assistant	1 Mark per semi-qualified	5
5	Cost Audit Experience	The Firm having the experience in conducting statutory Cost Audit in Central /State PSUs / Private sector Companies (Copy of appointment letter issued by the Companies is required to be submitted).			
5a.		For Cost Accounting Records (Petroleum Industry) Rules, 2002 / 2011 – Public Sector Company	No. of Companies Audited (name of the company, financial year audited)	3 Marks per Company	15
5b.		For Cost Accounting Records (Petroleum Industry) Rules, 2002 / 2011 – Private Sector Company whose turnover is equal to or more than Rs 500 Crore.	No. of Companies Audited (name of the company, financial year audited ,turnover >= Rs 500 Crore)	2 Marks per Company	8
5c.		Other than Petroleum Industry Records Rules (Please specify)- Public Sector Company whose turnover is equal to or more than Rs 500 Crore.	No. of Companies Audited (name of the company, financial year audited ,turnover >= Rs 500 Crore)	2 Marks per Company	12
5d.		Other than Petroleum Industry Records Rules (Please specify)- Private Sector Company whose turnover is equal to or more than Rs 500 Crore.	No. of Companies Audited (name of the company, financial year audited ,turnover >= Rs 500 Crore)	1 Mark per Company	7
6	Proficiency in System	Exposure in ERP Environment			
6a.		For Cost Audit	No. of Companies Audited. (name of the company, financial year audited)	1 Mark per Company	3
6b.		For other than Cost Audit	For each year other than cost audit (name of the company, nature of assignment, financial year)	1 Mark per year	2
			Total		100

Details in separate sheets for determination of marks to be furnished by the Firms in support of information indicated by the Firm against item No. 5a, 5b, 5c, 5d , 6a & 6b above.

6. Pre-requisites for considering rankings:

6.1 Documentary evidences in support of Criteria at **(1) to (6)** mentioned above are required to be submitted.

In case documentary evidences for 6.1 are not provided, the offer shall be rejected.

6.2 In case of tie, the following sequence shall be adopted for selection:

- a) Firm with longer experience will be preferred based on the year of establishment.
- b) Firm with a higher number of Fellow Members of the Institute of Cost Accountants as partners will be considered.
- c) Firm with higher number of Associate Members of the Institute of Cost Accountants as partners will be considered.

7. Terms and Conditions:

- 7.1 **For the purpose of better co-ordination and smooth functioning, firms having registered offices, as per registration with the ICAI, in these regions (stated at Para-3 at page 2 above) shall only be considered for appointment as cost auditors.**
- 7.2 **Firms who have served in the capacity of Cost Facilitator and/or Cost Auditor of the Company in the past can apply for financial year 2013-14 only if 4 (four) years have elapsed from the last year of assignment held in the Company.**
- 7.3 **The tenure of appointment shall be at the sole discretion of the Company. At present tenure of appointment is for a period of four (4) years. However, it is expressly stated here that the said tenure is not to be construed as assured and the Company reserves the right not to re-appointment at its sole discretion without assigning any reason thereof.**
- 7.4 Company reserves the right to decide the number of Cost Auditors to be appointed and assignment of work centres, addition/realignment/removal thereof to be audited including rotation in assignment, if necessary.
- 7.5 Overwriting/correction/erase and/or use of white ink should be avoided in the Offer. However, if any overwriting/correction/erase is inevitable, same should be authenticated with the signature of applicant.
- 7.6 Documentary evidences in respect of all the information provided above by the Applicant must be furnished along with the offer.
- 7.7 All the pages of the terms & conditions and documents submitted are to be signed with the seal of the firm.
- 7.8 The offer should be submitted strictly as per the **terms & conditions** laid down in the document.

The Invitation of Proposal can be submitted in physical form or in electronic form to following address.

If submitted in physical form the proposal documents duly sealed and signed are to be submitted to: **GM(F&A)- Head CA, ONGC, Core – IV, SCOPE Minar, Laxmi Nagar, Delhi – 110 092**. The envelope must be sealed and super-scribed with '**Invitation of Proposal for Appointment of Cost Auditor**'. The name and address of the firm must be indicated on the body of the envelope.

If submitted through electronic form all the documents should be signed and scanned sequentially into one PDF file and e-mailed to **35913@ongc.co.in**

No proposal shall be considered / entertained through Facsimile or telegraph.

- 7.9 The company reserves the right to accept or reject any or all responses and to request additional submissions or clarification from one or more Applicant(s) at any stage or to

cancel the process entirely sole at the discretion of the Company without assigning any reason.

7.10 The Firms are required to submit their Service Tax registration number.

7.11 **The last date for receipt of the proposal is 06/05/2013. No proposal shall be entertained after this date.**

8. Remuneration:

8.1 Audit Fees shall be decided by the Company from time to time. For Cost Audit of 2012-13, the fee per Audit Firm is Rs. 2.50 Lakh (excl applicable taxes). Out-of-pocket expenses shall be regulated as per Company's rules and at actual.

8.2 Service Tax shall be paid extra, as applicable.

9. Compliances / Declarations by firms on appointment.

9.1 The Audit Firm must not sub-contract the work;

9.2 The audit team will work in strict confidence and will ensure that the cost data, cost statement and cost information in respect of the operation of the location / work center / Company is dealt with in strict confidence and secrecy. A Certificate towards maintaining confidentiality to be provided by the Cost Auditor on receipt of appointment letter or before commencement of Audit;

9.3 No partner of the Audit Firm is related to Managing Director/whole time Director or part-time Director of company within the meaning of section 6 of the Companies Act, 1956;

9.4 Neither the firm nor its partner or Associates have any interest in the business of Company;

9.5 The auditor will be required to issue certificate of Independence;

9.6 Firm of Cost Accountants shall have prime responsibility to ensure that the limits specified under section 224(1-B) of the Companies Act, 1956 are not violated.

9.7 The auditor/ firm shall be free from any disqualification under Sec. 233-B(5) or sub-section (3) or sub-section (4) of the section 226 of the Companies Act, 1956. In addition to this, Audit Firm must not be holding any assignment as Statutory Auditor or Internal Auditor of ONGC or its subsidiaries;

10. Debarring provisions:

The Audit Firm will be debarred from getting, in future, the Cost audit of ONGC or its subsidiaries in the following cases:

10.1 If the Firm obtains the appointment on the basis of false information / mis-statement.

10.2 If the Firm does not take up audit in terms of appointment letter.

10.3 If the Firm fails to maintain/honour confidentiality and secrecy of the Company's cost data, cost statement and cost information.

10.4 If the Firm fails to comply with any of condition laid down in clause 9 above.

Format of the offer

- 1. Name of the Cost Audit Firm:**

- 2. Registration Number of the Cost Audit Firm with Institute of Cost Accountants of India:**

- 3. Region for which Cost Audit for ONGC is applied for:**

- 4. Particulars of Cost Audit Firm:**
 - i) Address of the Firm as registered with ICAI :

 - ii) Telephone Number with STD Code :

 - iii) Fax Number with STD Code :

 - iv) Email address of the Firm :

 - v) Website of the Firm :

 - vi) PAN No. of the Firm :

5. Selection Criteria:

Sl	Parameter	Selection Criteria	Basis of Marks	Firm to Fill-in	Maximum marks
1	Firm's Experience	Year of establishment of Firms(s) since date of registration with ICAI.	No of Years since Firm's Registration	Year of Registration with ICAI	20
2	Employee Strength	Numbers of partners in the Firm (The partners must be holding certificate of practice issued by Institute of Cost Accountants of India and should be in whole time practice).	Each Partner (specify Fellow or Associate)	Partner-wise Name, Qualification & Membership Number	18
3		Number of qualified assistants (Cost/ Chartered accountant) in the Firm. He should be a member of his respective Institute.	Each Qualified Assistant (specify Fellow or Associate)	Qualified Assistant-wise Name, Qualification & Membership Number	10
4		Number of semi-qualified assistants (Cost/ Chartered accountant) in the Firm.	Each Semi-Qualified Assistant	Semi-qualified Assistant-wise Name, Qualification & Student Registration Number	5
5	Cost Audit Experience	The Firm having the experience in conducting statutory Cost Audit in Central /State PSUs / Private sector Companies (Copy of appointment letter issued by the Companies is required to be submitted).			
5a.		For Cost Accounting Records (Petroleum Industry) Rules, 2002 / 2011 – Public Sector Company	No. of Companies Audited (name of the company, financial year audited)	3 Marks per Company	15
5b.		For Cost Accounting Records (Petroleum Industry) Rules, 2002 / 2011 – Private Sector Company whose turnover is equal to or more than Rs 500 Crore.	No. of Companies Audited (name of the company, financial year audited ,turnover >= Rs 500 Crore)	2 Marks per Company	8
5c.		Other than Petroleum Industry Records Rules (Please specify)-Public Sector Company whose turnover is equal to or more than Rs 500 Crore.	No. of Companies Audited (name of the company, financial year audited ,turnover >= Rs 500 Crore)	2 Marks per Company	12
5d.		Other than Petroleum Industry Records Rules (Please specify)-Private Sector Company whose turnover is equal to or more than Rs 500 Crore.	No. of Companies Audited (name of the company, financial year audited ,turnover >= Rs 500 Crore)	1 Mark per Company	7
6	Proficiency in System	Exposure in ERP Environment			
6a.		For Cost Audit	No. of Companies Audited. (name of the company, financial year audited)	1 Mark per Company	3
6b.		For other than Cost Audit	For each year other than cost audit (name of the company, nature of assignment, financial year)	1 Mark per year	2
			Total		100

Authorised Signature with seal of the firm

Date :
Place :

Details in separate sheets for determination of marks to be furnished by the Firms in support of information indicated by the Firm against item No. 5a, 5b, 5c, 5d , 6a & 6b above.

Note :

1. Documentary evidences in support of Criteria at **(1) to (6)** mentioned above are required to be submitted. **In case documentary evidences are not provided, the offer shall be rejected.**
2. *Details in extra sheet(s) in respect of any of the above mentioned particulars, if required, can be furnished with due signature & seal of the applicant / firm.*
3. *All the pages of the terms & conditions and documents submitted are to be signed with the seal of the firm.*
4. *For the purpose of better co-ordination and smooth functioning, firms having registered offices, as per registration with the ICAI, in these regions (stated at Para-3 at page 2 above) shall only be considered for appointment as cost auditors*
5. *The offer should be submitted strictly as per the **terms & conditions** laid down in the document.*

The Invitation of Proposal (IoP) can be submitted in physical form or in electronic form to following address :

If submitted in physical form the proposal documents duly sealed and signed are to be submitted to: **GM(F&A)- Head CA, ONGC, Core – IV, SCOPE Minar, Laxmi Nagar, Delhi – 110 092.** The envelope must be sealed and super-scribed with '**Invitation of Proposal for Appointment of Cost Auditor**'. The name and address of the firm must be indicated on the body of the envelope.

If submitted through electronic form all the documents should be signed and scanned sequentially into one PDF file and e-mailed to **35913@ongc.co.in**

No proposal shall be considered / entertained through Facsimile or telegraph.

6. **The last date for receipt of the proposal is 06/05/2013. No proposal shall be entertained after this date.**

BANK DETAILS (OPTIONAL)

ANNEXURE II

General Manager (F&A)-Head CA
Corporate Accounts Section
Core-IV, 6th Floor
SCOPE Minar, Laxmi Nagar
Delhi 110 092

Sub: Authorization of all payments through Electronic Fund Transfer system/RTGS/NEET.

We hereby authorize Oil and Natural Gas Corporation Limited (ONGC) to disburse all our payments through electronic fund transfer system/RTGS/NEET. The details for facilitating the payments are given below:-

Sl	Particulars	
1	Name of the Beneficiary (Firm Name in Full)	
2	Address of the Firm as registered with ICAI	
3	Address for communication of the Firm	
4	Telephone No (with STD Code)	
5	Fax No (with STD Code)	
6	Email Id	
7	Name of the Bank	
8	Name of the Bank's Branch	
9	Full Address of the Branch	
10	Branch Code	
11	Bank Account Number with style of account (savings/current)	
12	Style of the Bank Account (savings/current)	
13	IFSC Code of the Bank	
14	PAN no. of the Beneficiary	

I/We hereby, declare that particulars given above are correct and complete and if the transaction is delayed or credit is not effected due to incorrect information, I/We will not hold ONGC responsible.

Note : Please enclose one cancelled cheque for e-payment

Authorised Signatory
Name :
Official stamp with Date

BANK CERTIFICATION

It is certified that above mentioned beneficiary a Bank Account No. _____ with our branch and the bank particulars mentioned above are correct.

Authorized Signatory
Name
Official stamp with Date